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ABSTRACT

This guide is intended to serve as a reference tool to individuals responsible for planning and implementing a work force reduction program. The information included in the guide represents a synthesis of practices that have worked for a number of companies, individuals, and communities that have had to cope with a work force reduction. The first of the guide's four parts discusses the many benefits of developing and implementing a responsible work force reduction program, including cost savings in unemployment insurance, increased productivity and morale, improved company image and community relations, and improved communications with workers and the community. The federal, state, and employer/union contractual funds that are available for dislocated worker assistance programs are described in the second part. Part 3 explains 6 general principles for responsible work force reduction programs and 10 key steps in planning a program. Part 4 discusses the special needs of dislocated workers; 10 types of reemployment services (group job search workshops, formal assessment, career planning, job development and placement, occupational training, job clubs, on-the-job training, basic education, resource areas, and relocation assistance); and four supportive services for dislocated workers (individual benefit planning, unemployment insurance, personal counseling, and temporary financial assistance). The addresses and phone numbers of the National Alliance of Business' seven regional offices are included. (MN)

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Acknowledgements

This guide represents the experience of many individuals and organizations who have provided effective and efficient assistance to companies that have closed facilities and those workers who lost their jobs. It is a synthesis of the practices which worked best for the companies, individuals, and communities involved. Ted Buck, Senior Associate, the National Alliance of Business served as editor of this revision of a previous NAB publication.

The National Alliance of Business (NAB) is an independent, non-profit corporation working in partnership with business, labor, government, education and community groups to reduce the unemployment problems of economically disadvantaged youth and adults. NAB's primary mission is to encourage private businesses to provide jobs and training for these unemployed people.

Preface

Planning a workforce reduction is one of the most important, difficult, and unique challenges that corporate executives now face. The way management responds to this challenge directly affects productivity, each employee's future, and the impact on the effected communities. Fortunately, effective approaches have been developed and there are substantial government and community resources available to support company initiatives.

This guide is a description of a responsible approach to planning and implementing a workforce reduction program that utilizes existing state and federal programs. It is designed to provide the reader with a clear overview of the process and serve as a useful reference tool to develop programs. The guide compliments related technical assistance services that are available from NAB's Workforce Adjustment Team.

William H. Kolberg,
President

Introduction

Increasingly, the international marketplace challenges American competitiveness, daily forcing companies to face decisions regarding liquidation, automation, consolidation, and plant closings. This situation presents a crisis not only for the company, but also, much more personally, for the employees who now find themselves out of work after devoting much of their working lives to their employer. This guide is for those companies who want to help their former employees through the transition of losing job security and finding a new job. In addition, this guide provides information about a process and program that can reduce the employer costs and disruptions created by permanent layoff.

Most companies are in a position to assist those faced with job loss and a career change meet the challenges of the future by providing an opportunity for them to receive beneficial re-employment services. William H. Kolberg, President of the National Alliance of Business (NAB), said recently, "Effective transitions occur more frequently when the employer chooses to act responsibly by providing reasonable notification and by working cooperatively with the employment and training system to design and deliver a comprehensive array of services."

This guide is not an exhaustive description of the technical details involved in the variety of available funds and services but more a broad overview of the systems available for employers to assist their employees. The guide is divided into four sections:

1. The Benefits
2. The Funds and the System
3. The Principles and Steps of Workforce Reduction
4. Services for Employees

This guide is designed to help employers plan workforce reductions and take advantage of the employment and training system. It emphasizes positive collaboration with the workers and with the employment and training system to find new jobs and maintain morale and productivity during the phase-out operation. The guide should be used by company officials to determine the most effective strategy for reducing the workforce. In general, this guide can help the reader think through the key issues related to workforce reduction.

NAB has determined that the key elements to a successful workforce transition program are effective coordination, mobilization of state and local resources, and a logical sequence of activities for those employees faced with permanent layoff.

"Effective transitions occur more frequently when the employer chooses to act responsibly by providing reasonable notification and by working cooperatively with the employment and training system to design and deliver a comprehensive array of services."

The Benefits

Companies faced with workforce reduction should develop a comprehensive plan using the existing employment and training system to provide resources and services to their employees. It is in the mutual interest of companies, unions, workers, and the community to pool resources and work cooperatively to (1) plan the workforce reduction carefully; and (2) implement a targeted intensive program of transition assistance maximizing the resources and services of the employment and training system.

Unemployment Insurance Cost Savings

A well-planned and implemented program can significantly reduce the number of weeks that employees remain on Unemployment Insurance (UI), saving the company considerable money, especially when health and other benefits would continue for extended periods after termination.

More Effective Use of Benefits

Companies frequently offer generous severance benefit packages, and collective bargaining agreements often include training and adjustment funds. This is especially true where special management-labor funding pools have been created for training or other adjustment services. Training benefits, for example, can produce far greater results when workers are given the time, encouragement, and professional guidance to make informed decisions.

Productivity and Morale

Experience shows that high absenteeism and decreases in productivity can be avoided when the company and workers participate cooperatively in a transition assistance program. Additional productivity gains can be realized because the company's treatment of terminated employees can have a direct bearing on the morale and productivity of the remaining workforce. Maintaining productivity means saving money.

Improved Company Image and Community Relations

The drama of major layoffs and plant closings always attracts attention. While such attention can focus on the negative aspects of terminations, an aggressive worker assistance effort supported by the firm can help mobilize the community toward assisting, not criticizing, the firm. The program can also help enhance a corporation's national image as a model corporate citizen.

Additional productivity gains can be realized because the company's treatment of terminated employees can have a direct bearing on the morale and productivity of the remaining workforce.

New Jobs for Employees

During the past five years planned worker transition programs have proven to be an effective method to re-employ dislocated workers quickly.

Positive Labor-Management Relations

Companies can reduce labor-management tensions accompanying workforce reductions by working together with unions to solve problems positively. Assistance programs can be particularly valuable when the affected union plays a significant role and can take specific actions to help its members.

Improved Communications with Workers and the Community

Implementing a communication plan that includes structured, organized information about company plans, assistance efforts, and benefit packages can reduce the disruptive effects of misunderstandings and rumors.

Positive Community Impact

Communities benefit when terminated workers find new jobs and, therefore, continue to support the local economy. Furthermore, when companies, unions, volunteer organizations, and government programs pool resources to buffer the impact of termination on workers and their families social and economic benefits are increased.

In addition to the benefits outlined above, workforce reduction planning and employee transition programs are not expensive. A cost of several hundred dollars per worker is typical, and cost savings cited above in productivity, unemployment insurance taxes, and other benefits can more than offset the program cost. By using the Job Training Partnership Act (JTPA) system, most of the cost of services and training can be funded by the Title III of JTPA. Title III can pay for employee training, job placement, career planning, counseling, skill testing and assessment, relocation assistance, and other services. A well-organized program with company and union involvement can more effectively use federal and state resources.

The Funds and the System

The financial resources available for dislocated worker assistance programs are federal government funds, state appropriations, and employer/union contractual funds. In addition, many companies involved with major restructuring have identified funds for training and re-employment services. A variety of organizations administer the federal and state funds through a myriad of service delivery systems primarily controlled locally or regionally.

The system for providing dislocated worker services is a combination of federal and state programs involving employment and training organizations, educational institutions, unemployment insurance, and related human service programs.

The Job Training Partnership Act (JTPA) is the core program. JTPA Title III provides federal funds to states for worker re-adjustment efforts, including training, job development, and job placement. Depending on how the state structures its program, funds can be provided directly to companies, unions, Private Industry Councils, city, and/or county governments. Governors have broad authority over eligibility, program planning and administration, resource distribution, and provision of service. The JTPA is a decentralized system administered at a state level by State Job Training Coordinating Councils (SJTCCs) and at the local level by Private Industry Councils (PICs). There are 57 SJTCCs and over 600 PICs throughout the United States.

The U.S. Department of Labor distributes Title III funds to the states through a formula allocation and the Secretary's Discretionary Funds. Seventy-five percent of the funds are distributed by a formula based on state unemployment data. The remaining twenty-five percent are distributed through the Discretionary Grant process whereby states apply for additional funds to meet the needs of a large plant closing and/or assist the long-term unemployed.

Many other organizations, such as community colleges, vocational educational facilities, the local employment service, and community-based organizations, provide services to dislocated workers.

In addition, over 40 states now provide general appropriation funds for related services in the areas of dislocated worker and training programs. Some states, for instance, California, Washington, and Delaware, have diverted portions of their Unemployment Insurance funds into training programs that assist businesses to remain competitive in the changing economy and provide training funds for individuals faced with permanent job loss.

The trend is clear: Every year more states recognize the effects of economic transition on the state's economy and are appropriating general

funds for dislocated worker training programs. These funding sources have created new, more flexible opportunities for companies in upgrading existing workforces and training those individuals faced with dislocation. In general, the state funds are used in partnership with the JTPA funds. In many cases, however, the state funds require separate contractual relationships especially for programs designed to upgrade and/or train existing employees.

In addition, several major companies and labor unions have negotiated contracts that include training funds:

- The United Auto Workers (UAW)-Ford Motor Company established the Employee Development and Training Program (EDTP) in 1982 to provide training and developmental services for both active and dislocated workers.
- The Communication Workers of America (CWA) contracts in 1986 with AT&T and the Bell Companies included provisions dealing with off-hours training for personal and career development, and each company continues to provide job-specific training during working hours.
- AT&T also has an agreement with the International Brotherhood of Electrical Workers (IBEW) to provide training and career development services to help workers meet the company's anticipated skill needs.
- General Motors (GM)-UAW has established a training "nickel-dime" fund related to their work hours to provide funds for training and re-employment services for both displaced employees and those who need additional training to retain their jobs.

As these trends indicate, the need for training is pervasive, and the resources required to meet this challenge are growing rapidly. Companies can take advantage of these resources when faced with major plant closings, and they can work with their employees and the community to plan a smooth and responsible reduction in force.

The best source of information on how the Title III programs are administered in your area is the local Private Industry Council and/or the local Employment Service Office.

The Principles and Steps

The most important step a company can take is to coordinate their plan and program with the resources available through the local and state employment and training system. These local and state systems have been specifically designed to help deliver the necessary services. Experience demonstrates that by adopting the following principles and pursuing the steps outlined in this section, the employees, the company, and the community benefit. This section provides general principles of workforce reduction and key steps in program development.

Each approach will depend on the local situation. Factors such as the existence of other dislocated worker programs, the number of workers being terminated at the plant and elsewhere in the community, and the availability of local assistance will determine the level of services for the program.

The recommended approach emphasizes the importance of voluntary pre-notification of a major reduction in force or plant closing, ongoing communication with employees, and joint action with the affected union(s) or employee representatives and the community to implement a comprehensive, targeted program of re-employment services.

General Principles of Workforce Reduction

The principles identified here take into consideration the special circumstances surrounding a closure or major reduction in force and the special needs of those to be terminated. These principles are based on the NAB's experience in designing such programs with companies and unions throughout the United States.

1. EARLY, VOLUNTARY NOTIFICATION

Experience proves that advance notice and timely intervention make a major difference in the adjustment for employees and allow an organized reduction in force. When early notification is combined with the announcement of a comprehensive assistance program, employees have an incentive to stay at the plant and continue working while they prepare for the transition. Early notification provides time to plan and schedule an assistance program that is effective and does not conflict with the company's production needs. In addition, employees have the opportunity to assess their personal situation, plan a new career, and make the necessary financial adjustments before termination. With these opportunities, an employee can often make the transition to a new job quickly, thus avoiding the decrease of income and the loss of self-respect that can accompany termination and inactivity. Studies indicate that unemployment insurance and worker compensation costs are reduced when a timely, comprehensive program is in place.

General Principles:

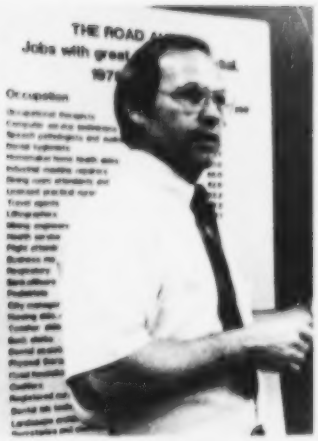
1. EARLY, VOLUNTARY NOTIFICATION
2. PLANNED, ONGOING COMMUNICATION
3. JOINT MANAGEMENT-LABOR INVOLVEMENT
4. ASSISTANCE CENTERS
5. POOLED RESOURCES
6. COMPREHENSIVE AND TARGETED SERVICES

2. PLANNED, ONGOING COMMUNICATION

Stating the facts and reducing the unknown factors help to minimize anxiety, thus allowing employees to concentrate on their current jobs and their transitions to new employment. Rumors can be potent barriers to cooperation and, ultimately, to employee efforts to find new jobs. A formal process of straightforward, ongoing communication with employees can overcome these problems. Promotion of the assistance efforts can also assure that employees take full advantage of the services to be offered.

3. JOINT MANAGEMENT-LABOR INVOLVEMENT

Experience demonstrates the positive effects of involving employee representatives in the planning process and oversight of transition services. A small committee composed of an equal number of representatives from management and labor can be established for this purpose. A neutral Chair should be appointed to facilitate the meetings and provide an objective perspective. The Chair should be skilled in group process and problem-solving techniques



and be knowledgeable about employment and training programs. It is also important that the Chairperson understand and respect the needs of management and labor. If there is a collective bargaining agreement, unions should play a major role in assisting the worker readjustment process. The committee can help by communicating with, counseling, and providing help to other employees. In most cases, employee acceptance of an assistance program can be increased greatly by forming a joint management-labor decision making structure to oversee the program.

4. ASSISTANCE CENTERS

All services should be provided or coordinated through a central location, often called a Worker Assistance Center, preferably located at the plant. The center serves as the anchor or focal point for contact with workers. It should be accepted by workers as a place for them, and should operate over a definite period of time—preferably before, during, and up to three months to a year after the final phase-out. The duration of operation will vary depending on the location of the facility and the number of individuals affected. The center gives the affected workers a familiar and supportive atmosphere in which to conduct their job search with their peers. This reduces the sense of isolation that often accompanies job loss and helps maintain contact between each employee and the program. In general, the center creates a vehicle for providing career planning and a wide range of adjustment services to employees.

The role of the assistance center can vary. Sometimes the center will house all available services on-site and operate as a self-contained, comprehensive employment program. In other cases, the center will operate as a referral and coordination vehicle with most services contracted out to local agencies. In both cases, the role of the center is to coordinate services for employees, keep track of each individual's progress, and serve as a central place where planning and assistance can be obtained.

5. POOLED RESOURCES

The local and state agency responsible for JTPA Title III dislocated worker programs should be the lead organization in coordinating resources. Companies can contact the lead agency by telephoning the local Private Industry Council and/or the local Job Service office. It is essential that the lead agency have the company's support to leverage state and local resources into a coordinated effort. Most communities will respond enthusiastically to help laid-off workers, and it is often possible to get financial support from a number of sources. Many successful programs have created ad hoc community advisory committees or task forces that strengthen the link with state and federal programs, local schools, business organizations, and community leaders.

6. COMPREHENSIVE AND TARGETED SERVICES

No single service can help affected employees. Therefore, a wide range of services should be available to workers either at a center or through referral to other service providers. Services should include the following:

- "Self-help" Job Search Assistance
- Skills Assessment and Testing
- Career Planning
- Job Development and Employer Outreach
- Job Placement Assistance
- Occupational Training and Basic Education
- Financial Counseling
- Retirement Planning
- Emergency Referral and Support Services

Assistance to terminated employees is most effective when company, union, and community resources are coordinated in a targeted, intensive program, rather than having each worker forced to make the transition and obtain access to services individually.

Key Steps to Planning a Workforce Reduction Program

This section outlines a series of key steps in developing a worker assistance program. Although the steps are presented sequentially, in actual practice some steps will overlap and the sequence may differ.

1. CONTACT THE LEAD AGENCY

It is important to contact the lead agency before making the plant closing announcement. State and local agencies can confidentially assist in developing a sequence of activities to help create a smooth transition for the affected employees. They can also provide information to the employees outlining services and programs available for them, or the company can incorporate the information into its planned communications.

2. PROVIDE NOTIFICATION

The importance of advance notification to workforce reduction planning has been stressed in earlier sections. Without notification of several months, advance planning is very difficult, and a positive management-labor approach to problem solving is less likely. Effective planning generally takes several months, and additional time is valuable for obtaining resources and dealing with contingencies. If your business circumstances only permit 30 to 60 days of advance notice, however, you still can effectively manage the transition process. Companies should give as much advance notice as the business conditions permit.

Managers commonly face the dilemma of not knowing exact termination dates and other details in advance, even when a basic decision about cutting back production has been made. In these situations, it is generally better to give a reasonable amount of advance notice than to wait until all details are settled. It is best to provide as much factual information as possible about the overall situation and keep lines of communication open so that employees are assured that they have the most current information available about their future.

3. FORM A MANAGEMENT-LABOR COMMITTEE

Effective worker assistance approaches usually involve a meeting of key management personnel, union officials (or employee representatives where there is no union), and local and state officials. This discussion should provide the basis for developing a transition plan and an outline of services to be included in the program. Companies can use a consultant to act as a liaison with local and state officials and to outline approaches used by other companies and unions in similar situations.

In general, an open discussion of this kind is preferable to presenting a completely developed program to employee representatives. Employees gain a sense of ownership in the program,

Companies can use a consultant to act as a liaison with local and state officials and to outline approaches used by other companies and unions in similar situations.

Key Steps to Planning a Workforce Reduction Program:

1. CONTACT THE LEAD AGENCY
2. PROVIDE NOTIFICATION
3. FORM A MANAGEMENT-LABOR COMMITTEE
4. ESTABLISH A FORMAL COMMUNICATION PROCESS
5. DEVELOP A PHASE-OUT SCHEDULE
6. CONVENE AN AD HOC ADVISORY COMMITTEE
7. IDENTIFY RESOURCES AND SERVICES
8. GATHER EMPLOYEE AND LABOR MARKET INFORMATION
9. DEVELOP A PROGRAM PLAN
10. CONDUCT A PROGRAM ORIENTATION

The joint management-labor committee is an ideal vehicle for establishing a formal, credible communications link with everyone at the plant and with the community at large.

which is essential in overcoming pessimism and adopting a positive, problem-solving team approach.

The initial meeting is often the most opportune time to establish a joint management-labor committee to oversee employee assistance efforts. This committee should have oversight responsibility for the entire employee assistance effort. Briefly, some of the committee's responsibilities include the following:

- Identifying and appointing a neutral Chair.
- Collecting information on employee training and service needs.
- Identifying the lead agency to coordinate the transition process.
- Establishing a working relationship with local agencies and community leaders who could assist the project.
- Deciding what services will be provided.
- Deciding who will deliver services (staff or agencies on contract).
- Developing a program budget and acquiring resources.
- Monitoring and overseeing program operations.

Based on initial meetings, some broad outlines for the program can be established. Priorities should emerge regarding the importance of such services as job search instruction, career planning, training, job clubs, job placement assistance, relocation assistance, remedial education, and job development-employer outreach.

4. ESTABLISH A FORMAL COMMUNICATION PROCESS

The joint management-labor committee is an ideal vehicle for establishing a formal, credible communications link with everyone at the plant and with the community at large. Formal communications with employees can begin with an announcement that a management-labor committee has formed and that planning for a jointly sponsored employee assistance program is under way. Committee members should encourage suggestions from all employees. Once the initial announcement has been made, plans for regular communications and status reports through meetings, newsletters, information centers, and other means should be established to assure continuity.

Plan every aspect of the program to maximize communication with employees and to encourage employee participation. Over a period of the first few weeks, dispel rumors and help employees to become comfortable with the program and understand the available services. Continuous promotion and explanation of the program should be built into the early phases of planning and implementation. Unions can play a special role here, since they often have the trust and personal knowledge of the employees, the organizational capacity, and the access to union resources to mobilize an outreach and communication effort.

The committee should develop a brochure listing all services provided by the assistance center and all other community agencies, thus providing valuable information to employees and also relieving the workload on referral staff at the assistance center. Categories of assistance that should be listed include all program services, area schools, social services, health clinics, and community volunteer agencies.

5. DEVELOP A PHASE-OUT SCHEDULE

Recognizing that determining a phase-out schedule is difficult because of unpredictable production demands, it is nevertheless important to identify, as early as possible the expected schedule for terminations, and the schedule for any planned employee transfers. Also, if it is a plant closing or if certain divisions within the plant are closing, it is necessary to determine whether employees laid off before the plant closure announcement will be eligible for program assistance. These phase-out statistics are needed to

estimate the number of individuals the program will serve and, consequently, the program's overall staffing and budget levels.

6. CONVENE AN AD HOC COMMUNITY COMMITTEE

Often, bringing together a group of key community representatives—a group that does not have governing authority for the program but serves as a link with community services is a good approach to getting resources and gaining community support. Frequent meetings are not necessary; two or three meetings during the life of the program and informal contacts are probably sufficient. Representatives can include local elected officials, the chair or director of the local Private Industry Council, a local employment service representative, and representatives of local community colleges and vocational schools, business organizations, social service agencies, economic development agencies, and area labor organizations. Check with the lead agency to see if a committee that can help with program development already exists.

7. IDENTIFY RESOURCES AND SERVICES

Before program development proceeds too far, it is important for the management-labor committee to identify resources and services available from federal and state programs, the company, the union, and community volunteer agencies. Begin by identifying what JTPA funds are available and what the potential is for receiving a Discretionary grant from JTPA. Then determine what cash and in-kind contributions the company and union can make. Staff time, office furniture and equipment, office space, and an area for a worker adjustment center are common company contributions when financial resources are not available.

This information can be helpful in several ways. Some community services may become an integral part of the

program. Information about local vocational schools and community colleges is essential, for example, before designing any occupational training programs for workers. Frequently, free services or in-kind contributions can be obtained from community or government agencies. These services can include testing, counseling, tutoring, and office space. Employees should be made aware of all available services in the community including social and medical services. Important places to start include the following:

- State JTPA Title III Dislocated Workers Program and/or the local Private Industry Council can provide information on local employment and training programs and on the availability of Title III Dislocated Worker training grants.
- The local Employment Service can help with job placement and offer testing and assessment services, frequently free of charge.
- Economic development agencies often have the most up-to-date information about local business trends and areas of economic expansion. Economic development information can help greatly in identifying job opportunities.
- Vocational schools and community colleges not only offer a wide range of technical training courses but frequently house career and vocational counseling services that can be made available

A survey of area labor market conditions is critical to developing training and job placement programs.

to workers. Often, universities can help design and implement surveys, labor market analyses, and other research efforts.

- State, district, and local labor agencies often have established services for displaced workers such as food banks, stress counseling and social services referrals.
- The United Way, churches, and other community service groups can often be very helpful in arranging free or low-cost social, health, and counseling services for workers.

The program should have current information on the full range of government and other services available for individuals and families in need.

8. GATHER EMPLOYEE AND LABOR MARKET INFORMATION

Administering an employee survey or questionnaire is a key planning step. The survey has three objectives: (1) to obtain information for planning services to employees; (2) to encourage employees to begin thinking about their plans after termination; and (3) to provide an additional opportunity for the management-labor committee to promote and explain the program. The survey can be administered at the plant during the work day, as part of a general orientation session, or in conjunction with employee benefits counseling. The survey should be administered shortly after the committee forms so that results can be used for planning. Keep the survey short and concise.

A brief cover memo should accompany the survey. The memo should explain that a management-labor committee has formed, that planning for adjustment services has begun, and that the purpose of the survey is to help the committee plan those services. Employees should be assured that data will be kept confidential and is being collected only to help them to make a transition to another job.

The company will also generally have information about the affected workforce that can be useful for program planning, such as the following:

- Names, addresses, and telephone numbers of employees
- Occupations and a description of skills
- Educational levels of employees
- Length of employment at the plant
- Number of potential retirees
- Demographic make-up of the workforce
- ZIP codes of employee residences

A survey of area labor market conditions is critical to developing training and job placement programs. Starting such a survey involves an outreach effort to identify market trends and opportunities and also begins to inform local employers that a pool of workers with definable skills is available. Generally, there are three or four starting places to get such data, the area Employment Service office, the local Private Industry Council, local and state economic development agencies, and local business organizations.

Banks, unions, schools, and area business and civic leaders are also good sources of information on the area's economy. This survey is essential since the local employment service lists only approximately 25 percent of the available job openings. Information should be collected not only in the local area of the plant but for important labor markets that lie within 50 to 75 miles of the affected communities.

9. DEVELOP A PROGRAM PLAN

Development of a complete program plan can begin once an administrative structure is in place, priorities are clear and preliminary information has been assembled. It should provide a basis for agreement about the specifics of the program. It should outline the administrative structure, staffing needs, services, location and physical facilities, operations timetable, management system, budget and expected funding sources for the program. A first draft need not be thought of as iron-

clad; it is simply a discussion document. As the program progresses, the plan becomes written documentation of how the program will operate.

Based on information assembled about employees skills, the area labor market and available resources, the program staff and committee should begin planning specific training programs and strategies for identifying job opportunities and matching them with individuals.

Record keeping and management systems are crucial to the program's success. Staff must keep organized files on each individual for planning and referral. A client tracking system should be established for staff to contact each individual periodically to check on progress in training or job search. Financial and program records that will satisfy requirements associated with grant funds must be maintained. In most cases, records management can be handled by local employment and training agencies such as the Private Industry Council or the local Employment Service.

Program staff should be involved with the joint management-labor committee. A project manager should be on board as soon as possible, preferably no later than one month before the program begins. The committee will need this staff support for in-depth planning, budgeting, and developing funding proposals. Sometimes a project manager is needed before outside grant funding, such as Title III funds, can be secured. Companies can handle this situation in a variety of ways: staff can be loaned from the company and/or union, preliminary commitments can be obtained from state or local agencies for retroactive funding, or the company might simply pay a manager's salary for the limited period of time that funding is unavailable. Other staff, such as counselors or workshop instructors, can be identified and trained as needed and as funding becomes available.

Service contractors should be identified in advance so proper coordination with program staff and other contractors can take place. Negotiate with several agencies when possible to obtain the most cost-effective contracts. Performance-based contracts which relate payments to results should be used when practical.

The program must develop a plan for enrollment and preliminary assessment procedures. This means making decisions about how to schedule and coordinate enrollment, individual planning, formal testing and assessment, job search workshops, and referral services.

10. CONDUCT A PROGRAM ORIENTATION

A formal orientation session outlining the program should be sponsored by the committee once plans are set. Program staff and key service providers should be present at the orientation to explain the details of program. Clear explanations must be given regarding the timing and sequence of services so that employees are not confused by the variety of activities. The employee services brochure should be distributed at the orientation, if it has not been done previously.

Ideally, the program should start about two to three months before employee terminations begin. The timing of the program operation should be judged carefully. If it starts too soon, employees may receive services before they are ready to be serious about re-employment; if the program starts too late, opportunities for an early start on readjustment may be lost. Timing will also depend on whether all terminations occur at once or gradually. If hundreds of terminations occur simultaneously, build in time for scheduling small group classes and other activities.

Clear explanations must be given regarding the timing and sequence of services so that employees are not confused by the variety of activities.

Services for Employees

Program services generally fall into two categories: those that help workers find new jobs; and support services such as personal counseling and health care, that are not employment services but contribute to a worker's adjustment after termination.

This section provides more in-depth information on services for employees. It is divided into two major sections: (A) a description of re-employment services and (B) a description of available support services.

Dislocated Workers Have Special Needs

Workers displaced as a result of plant closures or major workforce reductions are not typical of the unemployed. For instance, compared with most unemployed individuals, dislocated workers are generally more skilled and have solid work histories. They are older homeowners, and contributing members of the community who are also accustomed to higher wages (and therefore likely to experience significant earning loss). They are less willing to relocate and susceptible to stress and health problems upon job loss. Thus, considering these conditions, it becomes apparent that dislocated workers have special needs:

- They need to be convinced that their jobs are no longer available and that they must explore new job opportunities.
- They often need assistance to understand complicated company benefit packages and how to take advantage of them effectively.
- They may need to re-learn job search techniques because they have not used these skills in a long time.
- They need information on relocation and help in exploring job opportunities in new labor market areas.
- They often need support to deal with the stresses of an unfamiliar situation before pursuing the task of finding a new job.
- They need information about community resources, such as special health care programs. In general, dislocated workers are unfamiliar with social services available in their community.

A well planned program does not rely exclusively on one type of service to help employees that are experiencing a wide range of problems and personal circumstances. Job search instruction, skill testing and assessment, job development and placement basic education, training, career planning, personal and stress counseling, and emergency support services all play a strategic role in the adjustment process.

Re-Employment Services

Re-employment services are the most direct way to help dislocated workers find new jobs. These services are designed to meet different needs and can be used alone or in a combination. Program staff are responsible for helping each individual identify the services they need for re-employment.

1. GROUP JOB SEARCH WORKSHOP

Early in the re-employment process, individuals must have a basic understanding of their employment situation and what they can do about it—understanding the nature of the job market, how to find a job, how to match aptitudes and interests with a job, how to prepare resumes and job applications, and how to interview. Group job search workshops provide this information cost effectively. The outcome of the workshop should be that each individual has a preliminary re-employment plan. To accomplish this goal, these diverse topics should be covered:

- Individual skills and interests assessment.
- Identification of job opportunities and hidden job markets.
- Interviewing skills and practice.
- Resume preparation.
- Trends in business and the labor market.
- Psychological adjustment to job loss.
- Personal and family budgeting and financial planning.
- Salary and wage negotiation.

Job search workshops are now quite widespread and may be available from the local employment service, area community colleges, or other service contractors. Also, in numerous cases,

companies and unions have sponsored their own workshops with technical assistance from the outside.

Group job search workshops are cost effective for two reasons: (1) many individuals are served at one time; and (2) the workshop provides the skills and motivation to seek new opportunities, which can lead to rapid re-employment and decrease unemployment insurance costs.

2. FORMAL ASSESSMENT

Formal assessment tools can provide individuals with new insights about their abilities, interests, and skills. This information can be particularly useful when the individuals have not established a career direction or identified the type of job they would like. The wide variety of assessment instruments that are available fall into these categories:

- Aptitude assessment, which identifies an individual's basic abilities in areas such as mechanical ability, special visualization, manual dexterity, clerical ability, and more.
- Specialized skill and aptitude assessments, which are sometimes useful to identify occupational aptitude further for individuals who have narrowed career options to a general occupational area.
- Basic literacy skills assessment, which determines the general grade level at which individuals are competent in reading, writing, and mathematics.
- Interest assessments, which indicate an individual's vocational preferences and interests, such as, mechanics, crafts, outdoors, service, and sales.

These four types of assessment are not necessary for everyone. In fact, some individuals may not require any type of formal assessment to establish a career direction. It is important that program staff know what tools are available and that they are competent to judge an individal's need for assessment.

Following assessment, each individual should receive professional guidance on developing and/or refining a re-employment plan.

3. CAREER PLANNING

Group job search workshops are good for getting workers oriented to the labor market. Individual career planning, however, is a critical follow-up step in the job search process. Individual planning can achieve the following objectives:

- Improve the employee's understanding of his or her abilities.
- Identify transferable skills.
- Provide guidance on career options.
- Prepare or refine the employee's resume.
- Provide guidance on education and training options or needs.
- Advise how to market oneself to prospective employers.
- Provide motivation and moral support.
- Make more efficient use of program resources by properly matching services to individual needs.

Close coordination with community employment and training agencies is essential to a job development campaign.

4. JOB DEVELOPMENT AND PLACEMENT

Job development (that is, identifying job opportunities) and employer outreach are often the most important services a worker assistance program can offer. Company and union involvement in this aspect of the assistance program frequently proves instrumental in identifying job opportunities. Companies in particular have extensive contacts with suppliers, customers, competitors, and corporate affiliates. Some companies invite other employers to "job fairs" for their employees. A personal call from a company official may create additional opportunities for an individual attempting to get a job interview.

Close coordination with community employment and training agencies is essential to a job development campaign. Professional job developers, such as, staff of the Employment Service, local Private Industry Councils and other private agencies, often have extensive employer contacts throughout the community. The company should make sure that the job development strategy includes the following:

- Directly contacting company suppliers, customers, and others to identify job opportunities.
- Identifying potential employers through personal and professional contacts of the advisory committee members.
- Coordinating with other professional job developers and job placement agencies in the area, such as the local Private Industry Council, the local Employment Service office, and local vocational/technical schools.

- Contacting all local, state, and regional economic development agencies regarding area business expansions.
- Using relocation and on-the-job training financial incentives as a part of economic development business incentive packages.
- Requesting local and state business organizations to develop networks of contacts to identify job openings.
- Arranging employee interviews on premises or at the assistance center.

Implementing such a wide range of job development strategies requires careful planning and specific task assignment to program staff and members of the steering committee or community advisory group. Questions to be addressed include these:

- Who will work with local economic development groups, the local Private Industry Council, the Employment Service, and area business groups to identify job openings and on-the-job training opportunities? How will this be accomplished?

- Who will be responsible for researching the job market and contacting employers, business organizations, and other helpful entities in adjoining labor markets within 50 to 100 miles from the plan site?
- How will job openings in outlying areas be correlated with employee residences (for example, ZIP codes) for appropriate matches?
- Who will be responsible for making sure that all job openings are posted or otherwise publicized at the plant and assistance center?
- How will the program try to match each worker with job openings suited to his or her particular skills?

Answers to these and similar questions should result in a specific plan and individual assignments for job development activity.

5. OCCUPATIONAL TRAINING

Many dislocated workers need training before they can find suitable employment. The program should coordinate customized occupational training programs for those who are interested and qualified. Short-term vocational education classes leading directly to employment should be emphasized. The skills of some dislocated workers, although obsolete, can be adapted to newer applications. It may be possible, therefore, to design a training curriculum that adapts the skills of workers in a particular occupation or industry to match the skill requirements of available job openings. Training should be closely linked with job development efforts to ensure that the programs are geared to identified job opportunities.

The program can organize training projects in several ways: (1) hire its own instructors and run courses; (2) make individual referrals to area education and training institutions; and (3) contract with area training institutions for special courses suited to the needs of groups of dislocated workers. The local Private Industry Council is a good source of information regarding area training opportunities. Examples of how the program staff can arrange training opportunities for employees include the following:

- Working with the local Private Industry Council to arrange on-the-job training and special classroom instruction courses.
- Contracting with local education institutions for short, specialized occupational training courses based on possible "skills transference" between workers' existing skills and those skills in demand by employers.
- Funding tuition reimbursement programs for employees wishing to enroll in established courses or in special training courses.
- Exploring the possibility of arranging entrepreneurship training for workers who might be interested and able to start a small business.

Like job development, the implementation of a training program requires careful planning and specific task

assignments for program staff. Questions that must be addressed include these:

- How will vocational planning be coordinated with training programs so that special group training courses, based on individual need, can be developed?
- How will valuable information obtained during job search workshops (for example, individual skill areas) be recorded so it can feed into counseling, training, and job development?
- How will training coordinate with other services so that individuals who are near the end of their training will be integrated into the flow of job search and job development activities at the assistance center?
- Who will coordinate the scheduling of training classes to fit the shift schedule employees still on the job?

6. JOB CLUBS

The formation of job clubs complements the job search workshop. Experience shows that individuals are more likely to find new jobs if they work in teams with their peers. Peer support and encouragement can help greatly to keep individuals on course. In addition, the job club format enforces a structured work schedule requiring team members to report to work (team job search) regularly. This activity greatly increases the number of hours per week that individuals spend looking for work. Finally, job clubs provide a vehicle for continued contact with program staff and access to assistance.

Teams can form as an outgrowth of the job search workshops. If possible, the workshop instructor should be assigned to maintain contact with the group. As individuals find jobs, team membership can be replenished by assigning "graduates" of later workshops—a process that can also be coordinated by workshop instructors.

7. ON-THE-JOB TRAINING (OJT)

On-the-job training (OJT) positions represent special opportunities for dislocated workers. OJT programs reimburse employers up to 50 percent of the new employee's wages to offset the training costs for a period of up to six months. Dislocated workers are prime candidates for OJT positions because of their solid work histories.

8. BASIC EDUCATION

Many jobs require specific educational credentials and skills. Basic education competencies may also be required for enrollment in occupational training courses. Remedial education courses, especially GED equivalency courses, can fill this need. GED instruction and individual tutoring can be arranged by the program with local secondary and post-secondary institutions. Individual tutoring in basic skills such as reading and arithmetic can often be arranged at no cost through local volunteer groups or educational agencies.

9. RESOURCE AREA

The program should provide a resource area containing supplies, phone banks, bulletin board, job listings, area maps, newspapers, other job information sources, and the appropriate support staff.

10. RELOCATION ASSISTANCE

Some labor markets have relatively few jobs available. Although most workers are reluctant to uproot and relocate, some may have to in order to find new jobs. Programs can provide qualified workers with some financial assistance for relocation, in addition to job development and other services that support a successful move. To qualify for relocation support under the state Title III program, a worker must have a legitimate job offer that requires relocation.

Support Services

Support services are indirectly related to finding new jobs and are sometimes necessary before employees make a successful adjustment. Support services are especially important early in the adjustment process or after a long period of unemployment. They can alleviate many personal complications that stand in the way of adopting a positive approach to job search. Important support services include the following:

1. INDIVIDUAL BENEFIT PLANNING

Employees often do not absorb details on paper or in group presentations, especially when these are given shortly after advance notice or termination announcements are made. Modern benefits packages can be quite complicated. Company or union staff should provide one-on-one planning.

2. UNEMPLOYMENT INSURANCE

Employers can frequently arrange for the local unemployment insurance office to send staff to take initial claims at the plant.

3. PERSONAL COUNSELING

The frustration felt by employees following termination is one of the barriers to re-employment. Many individuals are not ready to take positive steps until they have had a chance to deal openly with their frustrations. Job search workshops and individual planning can help, but, in some cases, psychological counseling is necessary to give individuals a chance to vent their emotions and understand that others share their anxieties. Group or individual stress counseling sessions can be arranged early in the program expressly for this purpose. These sessions can help greatly to create the environment for a cooperative, positive approach to finding a new job. Local mental health agencies should be involved in arranging these services.

Counseling services and educational workshops on specialized topics such as financial planning, health, nutrition, and local social services can be arranged. Local banks or credit agencies, for example, often are willing to provide workshops and free individual counseling on personal credit, budgeting, and financial management.

Job termination can generate a range of financial, family, and health problems. Community agencies should be made aware of the situation and referral staff should be knowledgeable of the full range of local assistance in the various counties where employees live. Some health agencies may be willing to contribute diagnostic or paramedical services at low cost or free of charge.

4. TEMPORARY FINANCIAL ASSISTANCE

In addition to UI, other temporary financial assistance programs such as utility payment programs, food stamps, and general assistance, are available. These programs vary from state to state and must be identified locally. The city and/or county social services agency is an excellent source of information regarding these services.

Local banks or credit agencies, for example, often are willing to provide workshops and free individual counseling on personal credit, budgeting, and financial management.

Conclusion

The key points to remember are: plan the workforce reduction, work with the existing employment and training system, involve the workers in the planning process and be sensitive to their needs, and coordinate community resources. Every company faced with the decision to close a facility has different resources, circumstances, and operational limits to consider when formulating a strategy. However, the core principles involved in a responsible approach to workforce reduction are valid for both large and small employers and when these principles are followed the results are beneficial for both the company and the employees.

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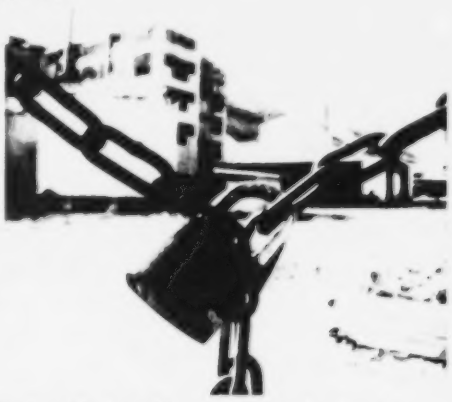
Worker Dislocation: A Growing Problem

In the next three to five years, thousands of businesses will be forced to close their doors or permanently lay off workers. While such situations are always difficult, NAB's Workforce Adjustment Team will assist you in making the necessary changes to meet the needs of your company.

NAB's national network of professionals can help you and your company cut through the bureaucratic maze of service options and gather the necessary resources.



By working with NAB's Workforce Adjustment Team, you can minimize the traumatic effects of mass layoffs or plant closings by:

- Reducing the costs associated with layoffs or plant closings.
- Maintaining a positive company image in the community.
- Helping you gain access to government funds to help workers with re-employment and training.
- Developing human resource programs to meet the needs of workers who are losing their jobs.
- Establishing effective communication between managers and employees throughout the transition.

For more information about the Workforce Adjustment Team contact Ted Buck, Senior Associate at 202-289-2900.

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